



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, SEPTEMBER 3, 1997

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**JUSTICE DEPARTMENT ALLOWS TELECOMMUNICATIONS COMPANY
TO EXCHANGE DEFAULTED RESIDENTIAL ACCOUNT INFORMATION**

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by the National Consumer Telecommunications Data Exchange Inc. (NCTDE) and its member long-distance telecommunications carriers to exchange information about consumers who have failed to make payment on residential accounts.

The proposed information exchange is designed to reduce the amount of uncollectible debt owed to long-distance carriers on residential accounts and should lower costs to consumers.

Under the program, member carriers will be required to inform a third-party -- a vendor hired by NCTDE -- of the identity of any closed residential account with an undisputed and unpaid balance in excess of an amount to be determined. All members would be able to question the third-party vendor to verify whether an applicant for new long-distance service had failed to pay a long-distance bill to a prior long-distance carrier. Neither the carrier sending the information nor the

carrier receiving it from the third-party would know the identity of the other carrier.

To expedite the recovery of unpaid bills from closed accounts, any member carrier could also utilize a "skip tracing" service provided by the third-party vendor to determine whether customers who had previously terminated a defaulted residential account were currently obtaining service from another member carrier under a new name or from a different address. The identity of the new carrier, however, would not be provided.

The Department's position was stated in a business review letter to counsel for the National Telecommunications Data Exchange Inc. from Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division.

Klein's letter said the information exchange proposal was not likely to create any anticompetitive effects since the program was designed with sufficient safeguards so that it was unlikely to facilitate collusion. No information pertaining to prices or other terms of service will be exchanged and any decision to serve a new customer with a "bad" credit history or to try to collect unpaid debts from a former customer will be made on a unilateral basis by a member carrier.

To the extent that the program serves to reduce the uncollectible rate for member carriers, it should lower their costs and have a procompetitive effect.

In 1994, the Justice Department approved a similar proposal regarding defaulted commercial telephone accounts.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity as a violation of federal antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, NW, Washington, D.C. 20530. After a 30-day waiting period, the document supporting the business review will be added to the file.